

## Rollout starts for health care tax credits for small business

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More than 500,000 Internal Revenue Service postcards will go out this week to California small businesses and tax-exempt groups that may qualify for new tax credits on their employees' health care premiums.

The federal tax credits – up to 35 percent of health care premiums paid this year by qualifying small businesses – are one of the first pieces to roll out of the health care legislation signed last month by President Barack Obama.

The notices are being issued to 4.4 million recipients nationwide.

"It's an effort to incentivize small businesses to offer employee health care or to continue it if they've already done so," said IRS spokesman Jesse Weller.

The credits would be applied to 2010 tax returns filed next year and run through at least 2014.

Dennis Tootelian, director of the Small Business Center at California State University, Sacramento, said the tax credits are a decent idea but may have only limited ability to spur more small businesses to offer health care in the current economy.

"Employers are just trying to survive," Tootelian said.

To qualify for the credit, a small business must have fewer than 25 full-time (or equivalent) employees, pay average wages of \$50,000 or less and pick up at least 50 percent of a single (employee-only) premium.

For more details, go to [www.irs.gov](http://www.irs.gov) and click on "Small Business Health Care Tax Credit."

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